

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
to Revise its Electrical Marginal Costs, Revenue
Allocation and Rates at the End of the Rate
Freeze.

Application 99-03-014
(Filed March 5, 1999)

**ADMINISTRATIVE LAW JUDGE'S RULING
ON ISSUES AND SCHEDULE**

The processing of this application was suspended until further notice by Ruling dated December 29, 2000. Several events have subsequently occurred which potentially affect how the Commission should proceed with this matter.

For example, wholesale electricity prices increased significantly in 2000 and 2001, the California Department of Water Resources assumed electricity procurement responsibility in January 2001, and Pacific Gas and Electric Company (applicant) filed for bankruptcy in April 2001. The Commission authorized two rate adjustments (Decision (D.) 01-01-018 and D.01-03-082), and a new electric rate design (D.01-05-064). The Commission subsequently ordered additional rate adjustments, and rehearing of a portion of applicant's test year 1999 electricity revenue requirement. (D.01-10-031.) Further, applicant and interested parties must file comments in November 2001 on the need for an attrition rate adjustment for the year 2002, and applicant must tender a Notice of Intent in November 2001 for a Test Year 2003 General Rate Case. (D.01-10-059.)

These, and possibly other, developments call into question whether, when and how to proceed with this application, and what issues, if any, require

resolution. Among the choices are: (1) proceed to hearing on this application using an updated schedule similar to the one adopted in the November 15, 2000 Ruling; (2) require applicant to update its showing based on recent events and adopt a new schedule; (3) further suspend the application, either indefinitely or to a date certain; or (4) dismiss the application.¹

Parties are invited to address whether, when and how to proceed. Applicant should make the initial recommendation, with other parties responding. Each party who recommends continuation of this proceeding must clearly identify and state the specific issues that require resolution, explain why they should or must be addressed in this proceeding rather than another proceeding, and propose a schedule. Parties should also state anything else necessary for the Commission to make an informed decision on this matter.

IT IS RULED that parties may comment on whether, when and how to proceed with this application. Pacific Gas and Electric Company (applicant) shall file and serve comments within 30 days of the date of this ruling. Responses to applicant's comments shall be filed and served within 10 days of the date of applicant's comments. Parties who recommend continuation of this

¹ The Commission is considering similar choices in a comparable proceeding involving Southern California Edison Company (Application 00-01-009).

proceeding shall clearly identify and state the specific issues that require resolution, explain why they should or must be addressed in this proceeding rather than another proceeding, and propose a schedule. Parties shall also state anything else necessary for the Commission to make an informed decision on this matter.

Dated November 5, 2001, at San Francisco, California.

/s/ BURTON W. MATTSON

Burton W. Mattson
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail and by electronic mail this day served a true copy of the original attached Administrative Law Judge's Ruling on Issues and Schedule on all parties of record in this proceeding or their attorneys of record.

Dated November 5, 2001, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.